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EX PARTE OR LATE FILED

December 20, 2000

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
TW-A325-Lobby
Washington, DC 20554

RE: **Ex Parte Presentation,** *CC Docket Nos. 98-147 (Deployment of Wireline Services Offering Advanced Telecommunications Capability), and 96-98 (Implementation of the Local Competition Provisions of the Telecommunications Act of 1996)*

Dear Ms. Salas:

On December 19, 2000, John di Bene, Gary Fleming, , Derrick Hamilton, Caryn Moir, John Smith and the undersigned, representing SBC Communications, Inc. (SBC), met with Jessica Rosenworcel, Attorney Advisor, John Stanley, Attorney Advisor, and Kathy Farroba, Deputy Chief, all of the Policy and Program Planning Division of the Common Carrier Bureau.

The purpose of the meeting was to discuss issues associated with line splitting. The attached presentation was used as a basis for the discussion.
Please contact me at (202) 326-8847 should you have any questions.

Sincerely,

Attachment

cc: Kathy Farroba
Jessica Rosenworcel
John Stanley

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CLEC vs. ILEC Line Splitting

December 19, 2000

Gary Fleming
Derrick Hamilton
Caryn Moir
John Smith

CLEC line splitting is available today.

- Definition: CLEC(s) share XDSL capable loop, splitter and DSLAM arrangement to provide voice and data
- Market need is met with existing products.
  - Business to business discussions on line splitting have focused on price, not functionality.
  - Voice and Data providers can share collocation space.

ILEC line splitting is not necessary to meet market need.

- Definition: ILEC provides splitter, CLEC(s) share loop
- Not economically feasible
- Raises significant implementation issues
- Raises significant policy issues

ILEC line splitting is not economically feasible.

- Small market base
  - Potential market for line splitting is 1/50th of the size of the line sharing base
  - Uncertain demand for line splitting based on line sharing experience
- High development costs
  - OSS and back office systems at least as expensive as line sharing
  - CLEC proposal requires a redesign of entire service delivery process
- Highest cost industry alternative
  - High per unit cost
  - SBC must recover costs
  - Economically rational customers will find other alternatives

ILEC line splitting raises significant implementation issues.

- Customer(s) of Record
- LOA
- Notifications
- Multiple provisioning flows
- No industry standards
- Coordination
  - provisioning and maintenance
  - negatively impacts end user service quality
- Jeopardizes Plan of Record (AIT merger condition)
- Migrations

As an example: Customer of Record

- Single Customer of Record?
  - Does the voice or data provider control the loop?
  - Delivery of service to single CLEC?
  - Telco can't tell who secondary provider is (CLEC who is not CoR), causing problems in coordination where there is a change in service providers
- Dual Customers of Record?
  - Provisioning to two customers leads to two customers with same circuit ID and TN
  - Migration issues similar to line sharing
  - Who has control over loop?

ILEC line splitting raises significant policy issues.

- Splitter not a UNE
  - doesn't meet necessary and impair
  - loop plus splitter is a new combination
- Splitter isn't part of the UNE loop for voice network
- Control of the loop
- Cost recovery

Conclusions

ILEC line splitting not a viable business opportunity today.

Mandate would not further competition because CLECs have more economical means to accomplish voluntary line splitting today.